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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 4, 2012

David McMullin
C. S. Mining LLC
PO Box 608
Milford, Utah 84751

Subject: Approval of Amended Notice of Intention to Commence Large Mining Operations (NOI) and Reclamation Surety, C.S. Mining LLC, Hidden Treasure Mine, M/001/0067, Beaver County, Utah

Dear Mr. McMullin:

The Division of Oil, Gas and Mining approves the referenced amended Notice of Intention to Commence Large Mining Operations (NOI) and associated reclamation surety. Enclosed with this letter are copies of the NOI stamped approved and of the surety documents. Mining may commence as outlined in the NOI. The permitted disturbed area is 250 acres. A copy of the executed surety documents will be forwarded to the BLM state and field offices for their records. The surety will be reviewed periodically to assure that the bond remains adequate.

The approval or acceptance of a complete notice of intention does not relieve an operator from his responsibility to comply with the applicable statutes, rules, regulations, and ordinances of all local, state and federal agencies with jurisdiction over any aspect of the operator's mining operations.

The following requested variances are approved because the alternative methods to be used are consistent with the Act.

- 1.) Highwall Variance. R647-4-111.7. the highwall variance will leave the pit highwalls at a 50- to 55-degree angle. Highwalls in the Hidden Treasure pit have remained stable for ~30 years. Rock, which forms the presently stable highwalls in this area, will also form the highwalls in the expanded pit. The variance was granted based on these findings. Reseeding requirements will not be applied to areas where access is not possible. Where possible, revegetation will be 70 percent of the premining cover, but in other places it will be established within practical limits.

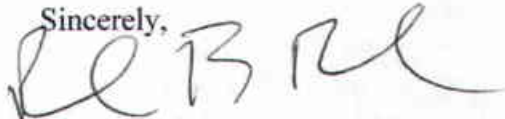


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- 2.) Impoundment Variance. R647-4-111.9. the impoundment variance was requested because the pits will be impounding structures when mining is finished, but there will be little or no surface water accumulation. The pits are not considered designed hydrologic structures and any water they may impound will infiltrate into the surrounding fractured country rock. This is an extremely arid environment and as such will encounter little if any runoff. The pits will be up to about 300 feet deep and are incised. There is no concern for surface water to leave the pit areas and any small amount of water impounded will evaporate or infiltrate. A variance from a designed structure is granted based on this information.

All future correspondence should reference M/001/0067. Thank you for your help and patience in finalizing this permitting action. Please call me if you have any questions in this regard.

Sincerely,



Paul B. Baker

Minerals Program Manager

PB: tm: eb

cc: ed_ginouves@blm.gov w/encl
opie_abeyta@blm.gov w/encl
rtbrown@beaver.utah.gov

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